



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 25, 2006
WWW.USDOJ.GOV

CRM
(202) 514-2008
TDD (202) 514-1888

ARMY RESERVE OFFICER PLEADS GUILTY TO MONEY LAUNDERING CONSPIRACY INVOLVING STOLEN CURRENCY AND FRAUD IN IRAQ

WASHINGTON – Bruce D. Hopfengardner, a lieutenant colonel in the U.S. Army Reserve, pleaded guilty to two conspiracy charges in a scheme to defraud the Coalition Provisional Authority - South Central Region (CPA-SC) in Al-Hillah, Iraq, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

At today's hearing before the Honorable Colleen Kollar-Kotelly, U.S. District Judge for the U.S. District Court for the District of Columbia, Hopfengardner, 46, of Frederick, Va., admitted conspiring to commit wire fraud and to launder funds in connection with a scheme to steal currency designated for the reconstruction of Iraq and to steer contracts to a contractor in exchange for money and property. Hopfengardner also admitted to smuggling stolen currency into the United States in March 2004 when he returned from Iraq on leave.

According to the court documents filed in connection with the plea, beginning in about November 2003, Hopfengardner was assigned as an advisor to the CPA-SC region in Al-Hillah, Iraq, where he was responsible for managing various construction projects. A criminal information alleges that, in connection with those projects, he, Robert Stein and others steered contracts to Philip Bloom, a U.S. citizen operating construction services and security companies in Iraq, in exchange for cars (including a Yukon Denali), expensive jewelry, computers and other items of value. The information alleges that Bloom caused wire transfers originating in Iraq to bank accounts in the United States controlled by Hopfengardner during the period of February 2004 to July 2004. According to the information, Bloom sent approximately \$175,000 in laundered funds to Hopfengardner, and purchased a Yukon Denali in June 2004.

"A Lieutenant Colonel in the U.S. Army today admits to a disturbing abuse of his position, in scheming with others to defraud the government for their own personal and financial gain," said Assistant Attorney General Fisher. "The Department of Justice remains committed to prosecuting all cases that undermine the reconstruction of Iraq."

Hopfengardner has agreed to forfeit all property involved in the money laundering conspiracy including a 2004 Yukon Denali, a Harley Davidson motorcycle, camera equipment, a Breitling watch valued at approximately \$5,700, and a computer. Hopfengardner has also agreed to entry of a judgment of forfeiture of \$144,500.

Hopfengardner faces up to 20 years in prison, a five-year term of supervised release, and a fine of \$500,000.

On April 18, 2006, Bloom pleaded guilty to conspiracy, bribery and money laundering before Judge Colleen Kollar-Kotelly, U.S. District Judge for the District of Columbia. Stein

pleaded guilty before Judge Kollar-Kotelly on Feb. 2, 2006, to five charges – conspiracy, bribery, money laundering and two weapons charges. Both are in custody awaiting sentencing.

Hopfengardner is the first military officer to plead guilty to charges related to the conspiracy. On Nov. 30, 2005, Michael Wheeler of Amherst Junction, Wis., a lieutenant colonel in the U.S. Army Reserve, was arrested in connection with the investigation. On Dec. 15, 2005, Debra Harrison, 47, of Trenton, N.J., also a lieutenant colonel in the U.S. Army Reserve, was arrested in connection with the investigation. She is presently released on bond.

This case was prosecuted by Trial Attorneys Mark Yost and Patrick Murphy of the Asset Forfeiture and Money Laundering Section of the Criminal Division; and Trial Attorneys James A. Crowell IV and Ann C. Brickley of the Public Integrity Section. The case is being investigated by the Special Inspector General for Iraq Reconstruction, IRS Criminal Investigations, U.S. Immigration and Customs Enforcement at the Department of Homeland Security, U.S. Department of State Office of Inspector General, and the Federal Bureau of Investigation-Washington Field Office.

#

06-571